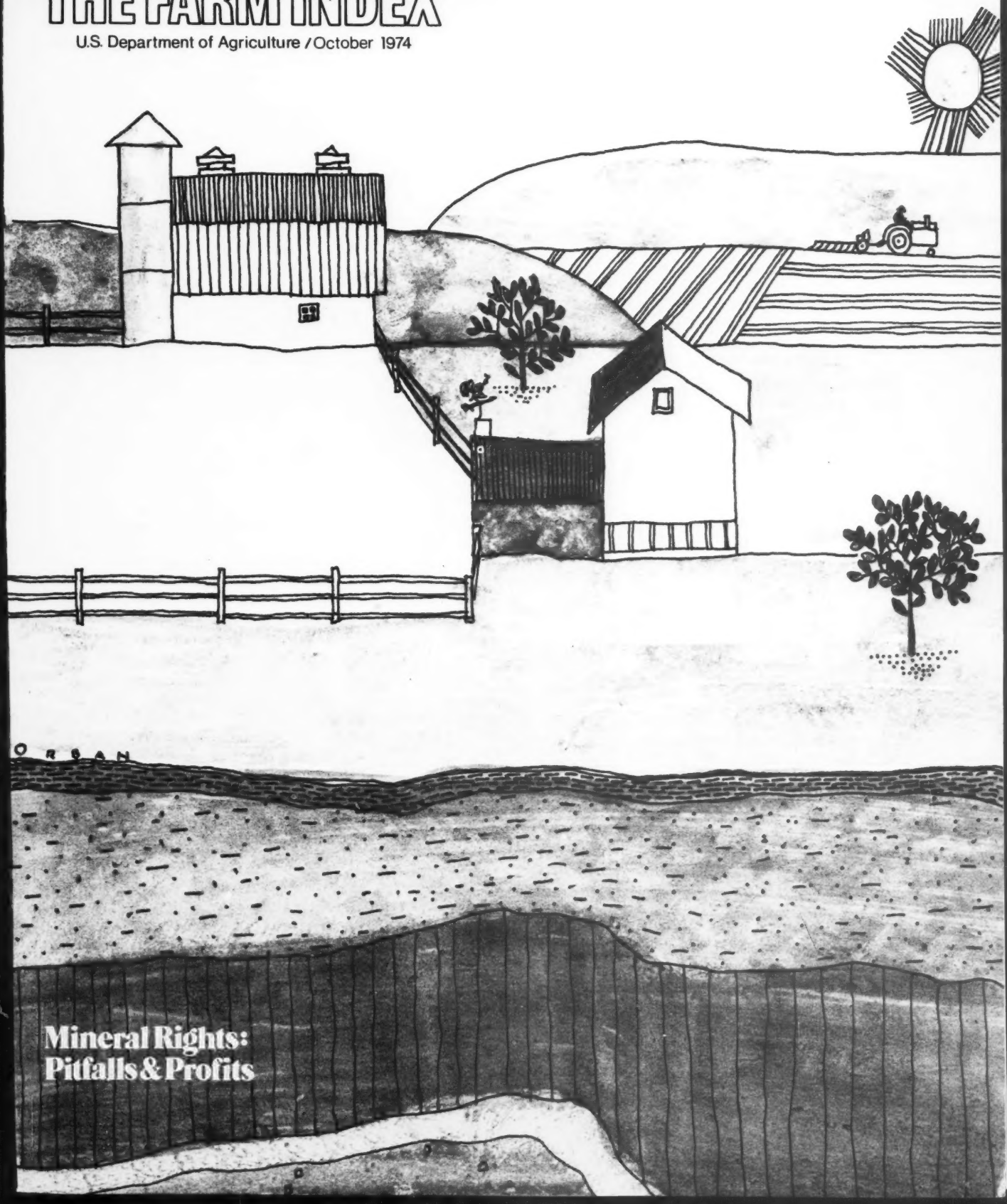
THE FARM INDEX

U.S. Department of Agriculture / October 1974



Mineral Rights: Pitfalls & Profits

Outlook

Feed supplies and prices will be uppermost in the minds of livestock men in coming months. Supplies may be off as much as 10-15 percent from last year, and prices are seen strong through 1975.

Hog producers have reacted by cutting back on farrowings. By the September intentions report, farrowings this fall will be the skimpiest since 1965. This translates into sharply reduced hog slaughter in 1975.

Moreover, slaughter weights likely will trail the record levels of last winter and spring. Combined with reduced slaughter, the lower weights stand to trim January-June pork production some 10-15 percent from a year ago.

The tight feed grain situation is curbing cattle feeding, but changes in feeding practices could help stretch supplies. For example, feeder cattle will enter lots at heavier weights—thus reducing weight gain in confinement. Lowering the marbling requirements for Federal grades as proposed would also tend to lower market weights.

Average slaughter weights this fall will slip from summer levels, as feeders will move cattle at a faster pace and at lighter weights.

With slim profits from cattle feeding since fourth quarter 1973, placements on feed are running well below a year earlier. Cattle on feed inventories have plunged to their lowest levels since the late sixties, with fed cattle marketings expected to lag year-earlier rates well into 1975.

An improved profit picture may take shape next year, however, assuming reduced feeder cattle prices will more than offset high feed costs.

Cattle slaughter this year is proving higher than previously expected. All the gains are coming in nonfed steers and heifers and from cows. Fed marketings are projected 5-10 percent below 1973.

Despite some recovery in fed cattle marketings in 1975, fed beef production will lag year-earlier levels due to lower slaughter weights. Supplies of other beef, however, will push total beef output well over the January-June 1974 mark.

Turkey Tips

Holiday time means turkey time, and this season there will be plenty of gobblers to pick from. The supply of turkeys is up about 5 percent over the 1973 Thanksgiving-Christmas period.

The rest of the good news—prices are expected to be well below last year's.

But if Mom wants to see her family well enough to dine on the leftovers, she had better prepare that bird with care.

Fresh poultry and red meats are two main breeding grounds for the bacteria that cause salmonellosis. This highly communicable disease is contracted by about 2 million Americans a year.

Most people suffering from salmonellosis think they have "the bug" or the flu. The symptoms are similar: severe headaches, vomiting, diarrhea, cramps, and fever.

This disease is one that USDA has focused on in a survey of consumer's attitudes about safe food preparation.

Many foodborne illnesses can be traced to foods prepared in the home, and the Congress and public health services want something done about it.

A preliminary report suggests most homemakers don't abide by the "stuffing rule." Ideally, dressing should be cooked alone, rather than in the turkey, to guarantee that any salmonella in the turkey is not transferred to the stuffing.

This survey found, however, that only 26 percent of the respondents who made stuffing cooked all of it in a separate container.

Homemakers who insist on cooking the stuffing in the bird should be certain the stuffing is heated to at least 165° during roasting.

Attention should be also be paid to the time the turkey sits out at room temperature after cooking. If the meat is out for 2 hours or more, there's a good chance it could become contaminated.

A bulge in beef supplies this fall is expected to hold fed cattle prices below summer quotations, but above last fall's average of $40.19 a hundredweight for Choice steers at Omaha. Prices should firm during first half 1975 when pastures green up and slaughter of nonfed cattle trails off. Reduced supplies of hogs and poultry marketing will also shore up cattle prices in early 1975.

Lamb slaughter will fall shy for the balance of 1974 and into 1975. Feeder lamb supplies will be off from fourth quarter 1973, and placements on feed will be down.

In early October, feeder lambs were bringing $27 to $28 a hundredweight at most markets—some $6 to $7 less than slaughter lambs. Feeder lamb prices are seen steady this fall, despite limited supplies. Demand for feeder lambs has been dampened by high feed costs and large supplies of feeder cattle.

Next summer's carryover of feed grains will melt to the smallest volumes since 1948. Weather, the culprit, played havoc not only with feed grains but also with every major crop except rice, says a USDA report based on October 1 conditions.

Details—

September frosts slashed total feed grain production 18 percent from last year to 168 million tons. That's the least since 1970 when blight devastated the corn crop. Feed grain supply in 1974/75, considering this fall's small carryover of 22 million tons, is estimated at only 191 million tons, 47 million under last year and a 15-year low.

Sorghum production was hit the hardest, with output as of October 1 figured at 632 million bushels, down a third from last year's record.

Corn prospects sagged 16 percent from 1973/74 to 4.7 billion bushels. USDA cautions that these estimates don't account for early October frosts extending to the Southern States and stopping plant growth in most areas.

Wrap-up for total feed grain use looks like so: domestic use down 14 to 15 percent from 1973/74 to 146-147 million tons; exports off 27 to 32 percent to 30-32 million tons.

Effects of frost on soybeans are termed "very uncertain." Much of this year's crop went in late, so there's no telling about the damages in early October.

What is known is that the September frosts cut estimated soybean yields from 25.1 to 24 bushels an acre, thus reducing the October 1 production estimate to 1,262 million bushels—off 54 million from September 1. In a word, soybean supply situation is tight. Exports will shrink, as will carryout for 1974/75, which ERS expects will drop to "minimum levels."

All the news about 1974 crops is not gloomy, though. Wheat output for one, is an alltime high of 1,781 million bushels. And the picture for exports has brightened. ERS's Outlook and Situation Board raised its export estimate by 50 million bushels since September because of continued strength in export demand, especially in the Middle East and South Asia.

Rice production will also make history. As of October 1, the crop was forecast at a record 113.6 million hundredweight. Output prospects improved slightly from the September situation. Increased acreage in California, however, was partly offset by lower yields in that State as well as Arkansas.

Cotton production is holding its own but demand is sluggish. U.S. cotton crop was placed at 12.8 million bales on October 1, just 1 percent below last year's. Due to dull mill demand around the world, our production in 1974 will more than cover expected usage, and next summer's carryover will show a moderate gain.

Participants in USDA's 1975 Agricultural Outlook Conference have been given a few more days to pack their bags. Due to heavy scheduling of farm meetings in Chicago the first week of December, the Outlook Conference has been postponed from Dec. 2-5 to Dec. 9-12. Theme: "U.S. Agriculture in a World Economy." Place: USDA's Jefferson Auditorium, Washington, D.C.

Contents

Features

The Food Stamp Issue 4
It's now this Nation's biggest welfare program, serving over 13 million people. ERS in a new report explores the question of whether stamps are more effective than cash payments in getting food to those who can least afford it.

When Miles Count Most 9
How far must rural residents travel for medical services? ERS focuses on the distance factor in health care in a multi-county survey in North Carolina.

Mineral Rights: Pitfalls & Profits 12
Leasing mineral rights to petroleum and coal companies can be a profitable venture for landowners who take care to first guard their own interests. An ERS economist offers some mineral management guidelines.

Reaping a Weather-Worn Harvest 19
Poor weather in several major producing areas has dampened the outlook for world food output this year. Here's a review of the current world agricultural situation.

Departments

Outlook 2

Recent Publications 22

Economic Trends 23

Martin Schubkegel, Editor

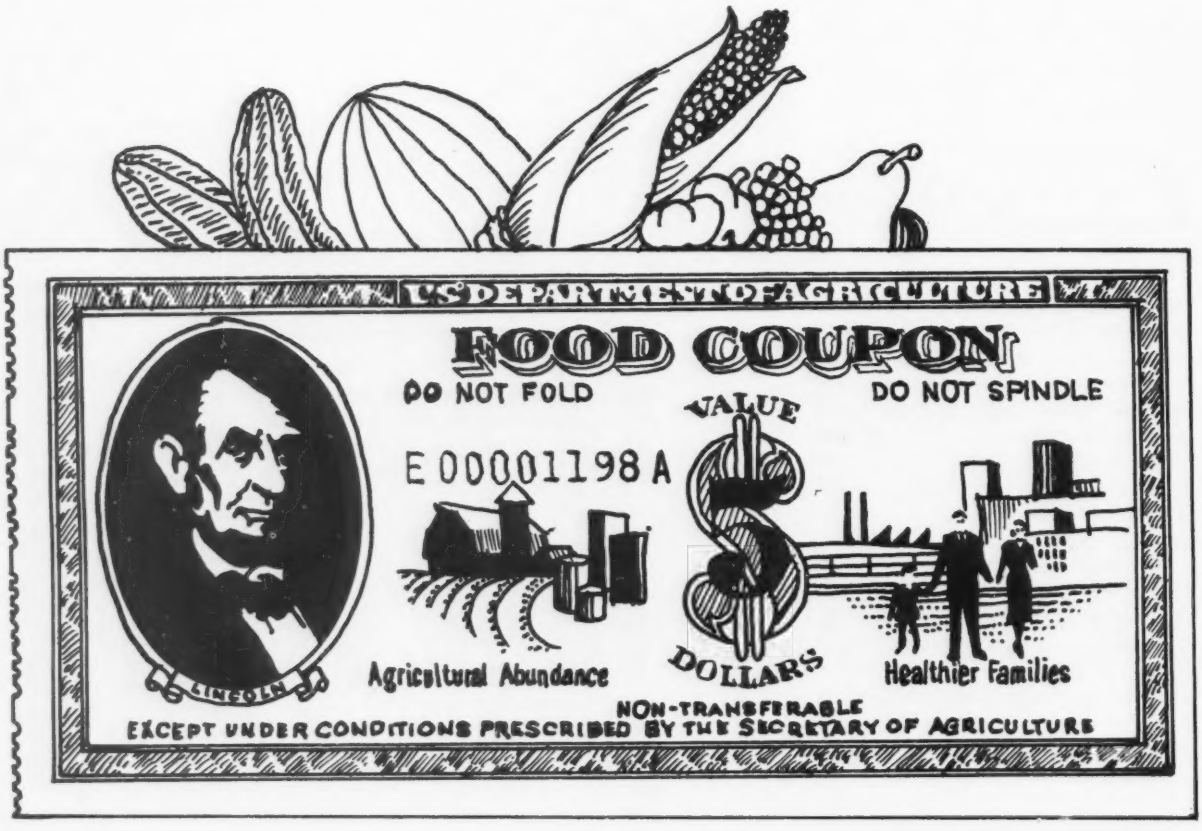
Diane Decker, Associate Editor; Virginia Broadbeck, Staff Editor; James Schleyer, Art Director.

The Farm Index is published monthly by the Economic Research Service, U.S. Department of Agriculture. October 1974. Vol. XIII. No. 10.

Readers are invited to write for the research materials on which we base our articles. Address queries to The Farm Index, Rm. 1664, Economic Research Service, U.S. Department of Agriculture, Wash., D.C. 20250. Please cite article titles when ordering.

Contents of this magazine may be reprinted without permission. They are based on research of the Economic Research Service and on studies done in cooperation with State agricultural experiment stations. The Secretary of Agriculture has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this publication approved by Director of the Office of Management and Budget, May 24, 1972. Subscription price $5.65 yearly ($7.10 foreign). Single copies 50 cents. Order from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

THE FOOD STAMP ISSUE



Enrollment in the food stamp program has more than quadrupled since 1960. How effective is the program? What do people buy with the stamps? These are among the issues an ERS study explores.

When he first gave his ideas on graduated pricing to then Secretary of Agriculture Henry Wallace, little could Fred Waugh know that his proposals would become the backbone of this Nation's biggest welfare program.

Waugh didn't use the words "food stamps" in his memorandum of January 20, 1938, to Secretary Wallace. An official of the Treasury Department came up with the food stamp notion as the best way to put into practice Waugh's theories on graduated pricing.

"I do not claim credit for inventing a new idea," Waugh wrote Secretary Wallace. "Briefly, my proposal is that our farm relief programs put more emphasis on selling part of the crop at high prices and distributing the remainder, or 'surplus' among low-income groups, charging them whatever they can afford to pay, or are willing to pay."

Good combination. Wallace bought the concept, and for obvious reasons. Farmers' incomes had sunk to new depths because of food surpluses, while millions of poor Americans were going hungry. Food stamps offered the appealing combination of solving the surplus problems of agriculture and the stomach problems of the needy.

Rochester, N.Y., was selected as the city to try out food stamps. Low-income families welcomed them. The program enjoyed immense success until 1943, when World War II had turned food surpluses into shortages. The food stamp program was suspended, not to be revived until 1961.

By the early sixties, the farmer's old headache of surplus production pained again, and again food stamps were prescribed as the remedy for helping farmers on the one hand and the Nation's poor on the other.

Nagging poverty. In the late sixties, however, the plight of the needy took precedence. Farm surpluses had been

whittled down, but the ranks of the poor had not.

So the lawmakers in 1970 made changes in the food stamp program, making it easier for more low-income families to take part. By mid-1974, over 13½ million persons were getting the stamps, an increase of over fourfold from 1969, although admittedly some of this was due to the phase-out of the commodity distribution program and the surge in food prices.

Meantime, taxpayers have been asking this question: Why not just hand poor families a blanket check to spend as they please?

Otherwise known as a cash income supplement, this approach doesn't seem to insure that poor families will indeed use the money to buy food, so say studies made by ERS.

ERS's latest analysis of the food stamp issue confirms earlier reports —that food stamps are about twice as effective as cash income supplements in terms of building food demand.

Stamps' merits. Unlike cash handouts, bonus stamps can only be redeemed for food. Bonus stamps are those given free to program participants over and above stamps bought through the purchase requirement.

For example, consider a family of four with a monthly income of $200 and a monthly food bill of $100. Under the food stamp program, this family would pay $59 a month for $150 worth of food stamps. The family is now able to up food purchases by $50 a month, or 50 percent, leaving an extra $41 to spend on food or other items.

Findings from an unpublished 1969 study by the Office of Management and Budget—and this was conducted before the food stamp program was liberalized in 1970—indicate that poor families spent for food only about 20 cents of each dollar of cash income they got from other welfare programs. But for each dollar's worth of food stamps they received, they spent as much as 50 cents on food. The liberalized program, says the ERS study, has resulted in an even higher ratio.

Two cents to the dollar. Looking at nationwide food expenditures, about 2 cents of every dollar are generated by the food stamp program. Cost to taxpayers comes to somewhat over $3 billion a year for the more than 13 million people enrolled.

What do they buy with food stamps? According to the ERS study, food stamp recipients use a large portion of their expanded buying power to buy more red meats, particularly ground beef and lower cost beef cuts. Other big items are bakery products and fruits and vegetables. The share of each food dollar breaks down like so among the major food groups:

Meat group (includes eggs, dry beans and peas, nuts, and meat mixtures)	$0.38
Milk group (includes milk, cream, cheese, frozen desserts)	.13
Vegetable and fruit group	.20
Bread-cereal group	.12
Other food (fats, oils, sweets, etc.)	.17

With red meats comprising such a high proportion of food stamp dollars, ERS researchers did some further analysis.

Stamps for meat. It was estimated that roughly 15 cents of each dollar's worth of bonus food stamps resulted in added spending for red meats.

Compared with total U.S. spending on red meats, bonus food stamps came in for $301 million in 1972 against $35 billion for the Nation as a whole, or less than 1 percent of the total market. However, red meat bought with bonus food stamps was responsible for a larger share of the year-to-year expansion in demand for red meat in 1971–72. Bonus stamps may have accounted for over 5 per-

Easier To Get

Since 1970 and the extension of benefits, enrollment in the food stamp program has swelled by more than 10 million to nearly 14 million. By year's end, every county in the U.S.—plus Puerto Rico, Guam, and the Virgin Islands—will be covered.

The liberalized program basically says that all participating households, regardless of income, can get food stamps worth the cost of an adequate diet under USDA's Economy Food Plan.

The family's purchase requirements have been reduced . . . the Government's contribution for "bonus" stamps has been raised from about $6.75 to $13.50 for the average household member. Income eligibility cutoff levels have been increased in most States.

The value of bonus stamps issued to lower and middle income families has been lifted, with increases ranging from 30 to 80 percent.

Regional differences in issuance regulations have been eliminated, resulting in stepped-up benefits for Southern families in particular.

"My proposal is that our farm relief programs put more emphasis on selling part of the crop at high prices and distributing the remainder, or 'surplus,' among low-income groups, charging them whatever they can afford to pay . . ."—Frederick V. Waugh, memo to Agriculture Secretary Henry Wallace, Jan. 20, 1938. Waugh, who died in 1974, served with the Bureau of Agricultural Economics, predecessor agency of ERS, and then with ERS until his retirement in 1965.

cent of the total expansion in red meat spending.

In general, food stamps can't claim credit for a significant portion of the rise in total consumer expenditures for meat since 1969, the ERS report says. On the other hand, the expanded issuance of food stamps has enabled low-income families to afford meat they could not buy before.

[Based on manuscript Bonus Food Stamps and Cash Income Supplements —Their Effectiveness in Expanding Demand for Food, by Robert B. Reese and J. Gerald Feaster, National Economic Analysis Division, and Garey B. Perkins, formerly with National Economic Analysis Division; and special material from Wayne D. Rasmussen, Agricultural History Group.]

Marketing Costs Claim Lion's Share of Consumer Food Dollar

Marketing costs continue to take the biggest bite from our food dollar. Of the $132.2 billion Americans shelled out for farm foods last year, almost two-thirds went to pay the marketing bill.

The bill for marketing farm foods tallied $82.3 billion in 1973. This was 5 percent more than in the previous year but was about the same as the average annual increase for the past 11 years.

The marketing bill—the total cost of transporting, processing, and distributing farm food products—registered gains for all major food groups. Meat products cost the most to market ($21 billion), followed closely by fruits and vegetables ($19.1 billion).

All of last year's $3.9-billion jump in the marketing bill reflected steeper costs of marketing services. Normally, a rise in volume marketed and more marketing services add to the bill, but farmers marketed less food last year than in 1972.

Labor costs, the major component of the marketing bill, rose over 7 percent to $40.3 billion last year and accounted for almost half of the marketing bill. The increase came from mounting labor costs and total hours worked by employees of food marketing firms.

Packaging farm food products cost $10 billion, about 6 percent more than in 1972. Wholesale prices of many containers rose sharply. Petroleum-based materials such as plastic wrap, trays, and cartons were in tight supply and prices spurted during the last half of 1973.

Rail and truck transportation remained at $6.1 billion. Although boosts in transportation rates averaged about 4 percent last year, they were offset by a drop in volume of farm foods handled. Costs to truckers have been climbing because of fuel price hikes, reduced speed limits on highways, and higher wage rates. Transportation costs last year accounted for 7 percent of the overall marketing bill.

Capital costs, including depreciation, rent, and interest, rose to $6.9 billion or 8 percent of the food marketing bill. Part of the bulge mirrored growing construction costs, which upped depreciation costs and commercial rental rates for food marketing firms.

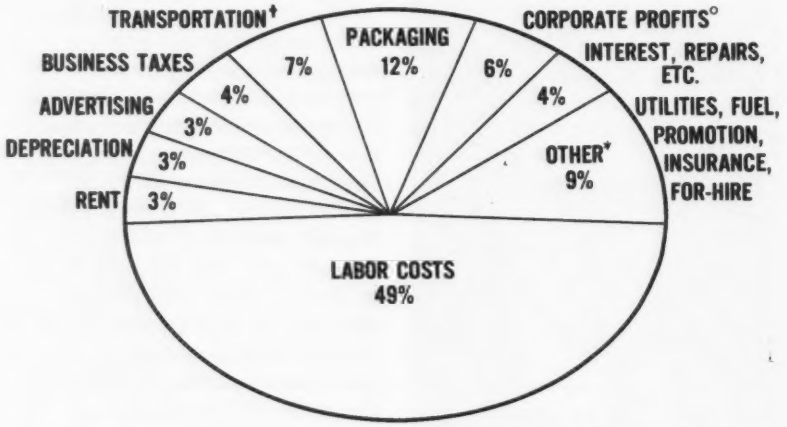
Advertising again took almost 2 cents of each food dollar. Food processors spent half of the $2.3 billion for advertising all farm foods in 1973. Advertising costs were three times greater for television than for newspapers and other print media.

Corporation profits reached $4.6 billion before Federal income taxes, a $1.1 billion increase from 1972. These profits represented 5.6 per cent of the marketing bill in 1973 compared with 4.5 percent in 1972.

Business taxes climbed 3 percent to $3.3 billion in 1973, almost twice what they were 10 years ago.

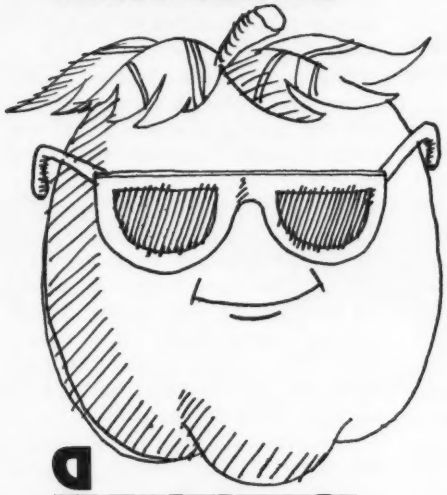
[Based on article by Terry L. Crawford, National Economic Analysis Division, entitled "The Bill for Marketing Farm Food Products," in *Marketing and Transportation Situation*, MTS-194, August 1974.]

1973 MARKETING BILL FOR FARM FOODS: WHERE THE MONEY WENT △



*RESIDUAL INCLUDES SUCH COSTS AS UTILITIES, FUEL, PROMOTION, LOCAL FOR-HIRE TRANSPORTATION, INSURANCE.
°BEFORE TAXES. †INTERCITY RAIL AND TRUCK. △PRELIMINARY DATA.

california tomatoes: a fresh look forward



Few people consider the tomato a a durable commodity.

Yet during the past couple of decades, when consumer preferences swung heavily from fresh to processed vegetables, the tomato fared better than most other fresh vegetables. Experts attribute most of this staying power to the extensive use of fresh tomatoes in salads.

As a producer of fresh tomatoes, California's got staying power too. Production dropped sharply in the early sixties, but in recent years California has regularly supplied 25 to 30 percent of all U.S. fresh tomatoes.

Even though use of fresh tomatoes has fallen off more than 2 pounds a person since 1948, population has grown sufficiently to yield an expanding market. Consumption has edged up about 1 percent a year since the late forties.

Last year, California producers grossed $109 million of the $300-million U.S. fresh tomato crop (packed and loaded f.o.b. shipping point basis). Nationally, tomatoes ranked second only to lettuce in total value of fresh vegetables.

Acreage planted to tomatoes in the U.S. dropped more than 40 percent from 1957 to 1972, with some 50,000 acres taken out of production during 1958–60. Meantime, California acreage remained fairly stable at around 30,000 acres. That's partly because prices stayed in the doldrums through 1962, providing little incentive to plant more tomatoes.

During the past 10 years, however, California producers have grossed significantly higher returns for all three seasonal crops—spring, summer, and fall. Fall tomato prices climbed the most—up $5.60 a hundredweight from 1958–62 to 1968–72.

But rising costs—notably for containers and wages—have countered much of the price increases. As a result, farmers' net returns have advanced very little . . . barely enough to affect State plantings.

Despite the stability of California's total fresh tomato acreage, production has shifted considerably in the past 20 years—from districts producing vine-ripe tomatoes to areas specializing in mature green tomatoes. The shift underscores a national trend toward mature green production, which permits improved control of ripening by gassing. Costs of harvesting and packing the durable green tomato are lower too.

Production in the seasonal class "early spring" has also been largely replaced by Mexican imports, late winter supplies from Florida, and production from States classed "late spring."

ERS researchers examined tomato "unloads" for 1962–72 in 36 major U.S. cities to get an idea of where California fresh tomatoes are sold. They found a big part of the State's crop stays close to home—44 percent was unloaded in Western cities, with Los Angeles alone taking 26 percent. The East is the second biggest market, absorbing about a fourth of California's crop, while the South and Midwest combined take about a third.

Distribution of California tomatoes has shifted dramatically since the early 1960's. The West remains the major market, but unloads during 1970–72 fell about 23 percent shy of the 1960–62 level.

In contrast, unloads in the East surged nearly 70 percent in the same period. More tomatoes sold in distant cities again emphasizes the shift from vine-ripe to mature green production.

Truck shipments outnumber rail, but the gain in mature green production and growth of distant markets have made rail cars more important to California fresh tomato shippers over the past decade. Railroads carried some 28 percent of the total crop during 1970–72, versus about 20 percent 10 years earlier.

California tomatoes dominate distant eastern terminal markets from July through October. In New York City, for example, California's share of total tomato unloads climbs steadily from May and peaks in October.

But total unloads in New York crest in June and plunge sharply through September . . . roughly the same period when fresh tomatoes are in heaviest demand . . . and when home garden harvests and local fruit stand sales reach their peak.

Thus, California provides a mounting proportion of a declining market during much of its shipping season. The pattern of unloads is similar in Midwestern cities.

In the long stretch, the outlook is promising for California's fresh tomato industry. Use of fresh tomatoes tends to rise with incomes, so per capita consumption can probably be expanded if the trade moves to maintain and improve product quality. With increased incomes, consumers may be willing to absorb larger transportation costs, permitting continued specialization in California.

[Based on "Marketing California Fresh Market Tomatoes: Trends and Outlook," by Edward V. Jesse, Commodity Economics Division, in the *Vegetable Situation*, TVS–193, August 1974.]

Eating Out Took 29 Cents of Each $1 Spent for Food in 1973

Is a good home-cooked meal a thing of the past? Not quite. But it's a fact we're spending an ever-growing share of our food dollar in away-from-home eating places.

Of each dollar consumers laid out for U.S. farm foods in 1973, 29 cents went to public eating places and institutions, up from 24 cents 10 years ago. Put another way, we spent $38.3 billion eating out last year, and $93.9 billion eating at home.

Public eating places include restaurants, cafeterias, snack bars, and other eating places operated mainly for profit. Altogether, they accounted for over $29 billion of farm food expenditures last year, about three-fourths of the away-from-home market.

Institutions — including schools, colleges, hospitals, rest and nursing homes, and airlines—served nearly $9 billion worth of food in 1973. Until recently, institutional sales were growing faster than public eating places. But decreased school enrollment and a decline in hospital patients over the past 3 years have slowed the growth.

It costs more to market food served away from home than in the home. Last year, marketing costs absorbed over three-fourths of the expenditures associated with away-from-home eating, but only 57 percent of the at-home consumer expenditures. This reflects the added cost of preparing and serving food consumed away from home, compared to raw or semiprepared foods sold for at-home consumption.

Food groups vary in importance between at-home and away-from-home markets, depending on the types of meals served.

A larger proportion of breakfasts and dinners is served at home than in restaurants, while a larger share of lunches is served away from home. Fruits and vegetables account for one-fourth of food consumed at home and only one-tenth of expenditures away from home, since they are served more often with full meals than with typical sandwich-type lunches.

In both markets, the largest slice of expenditures went for meat products. However, meat made up a larger proportion of all food consumed away from home than at home.

The commodity mix also varies depending on where the food is served. Public eating places serve a greater proportion of meat than institutions, while fruits and vegetables are more important in institutions.

Again, differences in shares of meal types served account mainly for the varying mix of expenditures. Other food items, such as poultry, bakery, dairy, and other products, vary less between the two markets.

[Based on "The Bill for Marketing Farm-Food Products," by Terry L. Crawford, National Economic Analysis Division, in *Marketing and Transportation Situation*, MTS-194, August 1974.]

Freight Car Crunch

Like everyone else in the shipping chain, railroads have a freight car supply problem too.

One of the major difficulties in expanding the available car fleets —aside from capital shortages— is the time lag between ordering cars and their delivery dates.

According to the Railway Progress Institute, a trade association for rail car builders, construction orders are backed up for the cars in biggest demand. A covered hopper car ordered today, says RPI, would be ready for delivery by the end of 1975 or by early 1976.

As of May 1 of this year, there was a backlog of 89,000 rail cars of all types on order from manufacturers. This total includes more than 21,000 covered hoppers and 19,000 boxcars—the cars used most frequently for grain shipments.

Although new cars are being delivered all the time to the railroads, demand for these cars still greatly exceeds supply when farm shipments step up and must compete with other sectors of the economy for shipping services.

Farmers Didn't Pocket Last Year's Income Gain

The U.S. farmer earned more money than ever in 1973, but he wound up with no more cash than usual in his pocket.

The agricultural balance sheet shows that although farming's realized net income almost doubled last year, farmers retained the same amount of cash in 1973 as in 1972, a total of $2.2 billion.

Also, total liquid assets of farmers —currency holdings, bank deposits, and U.S. savings bonds—generally did not keep up with growth in net income. Liquid assets hit a record $18.9 billion last year but the gain from 1973 was only $0.9 billion versus $1.2 billion during 1972.

One explanation may be the unusually large cash purchases of farm equipment in 1973. Farmers evidently preferred to avoid high interest rates by using more of their own money rather than borrowing.

Sales of used equipment, which don't require as much credit financing as new sales, were exceptionally heavy.

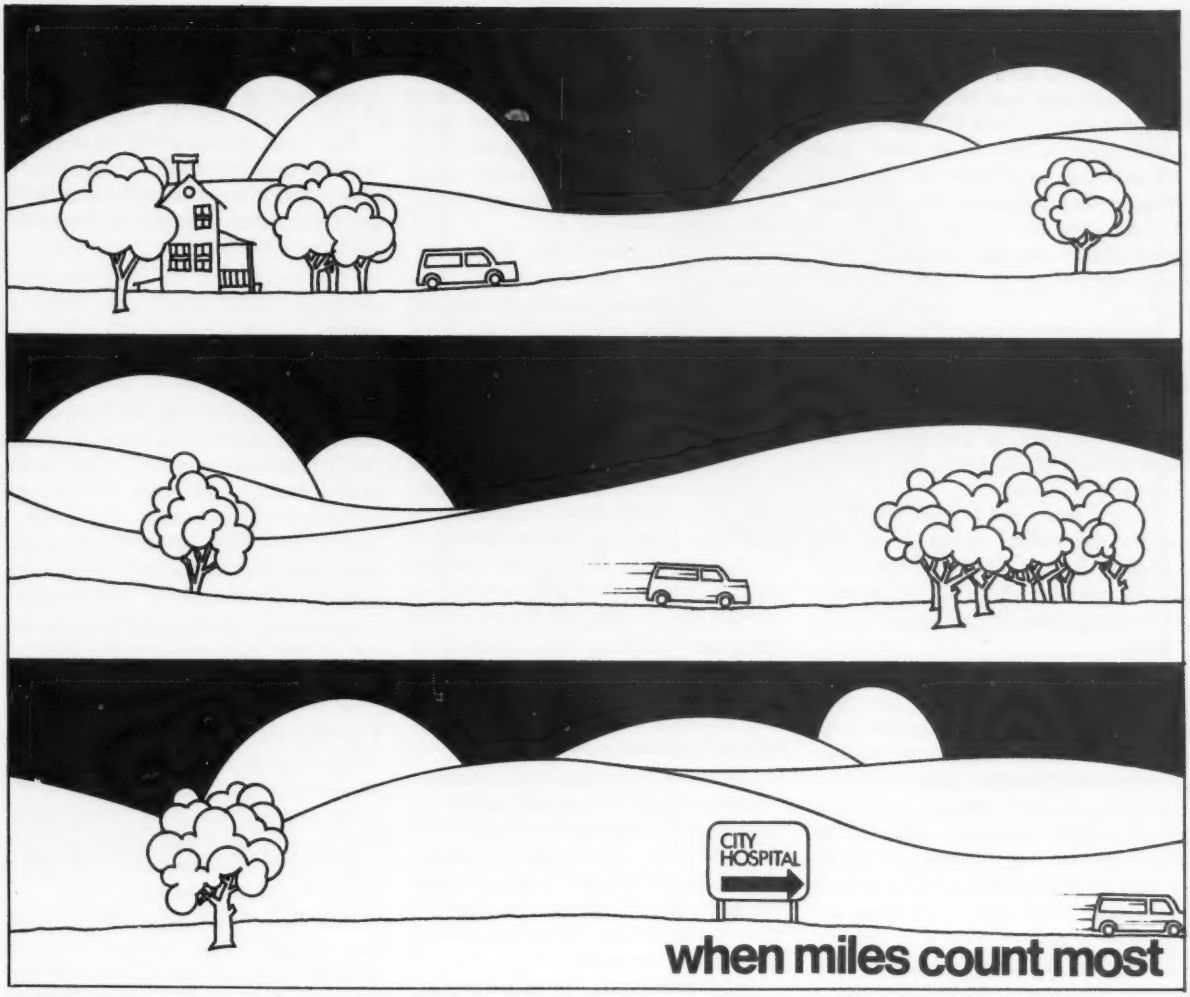
Other high cash outlays may have been brought about by larger than usual downpayments on purchases of farms, and by cash payments for such inputs as fertilizer and fuel.

Considering the remarkable gain in net income for farmers in 1973, their bank time deposits did not rise as much as might have been expected. Instead of depositing their savings in banks, some farmers probably switched toward other institutions for their money, like savings and loan associations, U.S. Treasury bills, or corporate stocks.

Figures indicate that the farmers' ownership of U.S. savings bonds was unchanged in 1973. Bond investments have remained at $4 billion for the past 2 years.

The value of bonds redeemed for cash just about equalled new purchases plus accrued interest.

[Based on the *Balance Sheet of the Farming Sector, 1974*, Agriculture Information Bulletin No. 376, September 1974.]



when miles count most

In a medical emergency, distance to health facilities can be all important. To find out how far some rural residents have to go for medical help, ERS surveyed a poor community in North Carolina.

An apple a day may keep the doctor away, but what can rural dwellers do to bring him closer to home?

No doubt many families living miles from the nearest physician have pondered this question—and there are no easy answers. Despite efforts to attract more medical personnel to outlying regions, a number of studies indicate that many rural areas continue to have fewer medical services available than urban areas.

And fewer services imply that rural residents must travel longer distances than city folks to obtain the medical aid they need.

To find out just how far they really do travel, ERS researchers studied access to health care in the northeastern coastal plains of North Carolina.

"Access" in this study was defined strictly in a distance context. Economists surveyed area residents to determine the average one-way mileage they travel to general practitioners and specialists, and to hospitals.

In addition, the study team wanted to know how this travel varied between rural and urban residents, and how it was related to differences in age, sex, race, marital status, and income levels within the rural region itself.

The study area was a poor, densely settled region that had more general practitioners but fewer specialists and hospital beds per 1,000 residents than are normally located in rural areas.

Researchers found that almost all of the working residents surveyed in the five-county district had visited a general practitioner (G.P.) at some time or other, while only 86 percent had ever sought specialized services.

Those who did visit specialists traveled farther for their appointments—the average one-way distance was 14 miles compared with a 7-mile

average for G.P.'s. Travel to hospitals averaged about 10 miles one way.

Economists also found that the distance patients traveled generally increased directly with the size of their destination cities when they were headed for specialists or hospitals. Researchers assumed these mileage boosts were due to the tendency of medical services, particularly specialized services, to be located in larger towns.

Survey results appeared to bear out this assumption. For example, about 34 percent of the residents visited G.P.'s in towns with less than 2,500 people, but only 11 percent of those seeking specialized treatment went to towns of this size.

On the other hand, more than half of the specialists' patients went to cities with over 25,000 people, while only 31 percent of the G.P.s' patients traveled to the larger cities in the region.

Overall, the study team felt these findings not only reflected the relative availability of medical services in the region, but also lent some support to recent location planning models for regional health facilities. Health facility planners have generally assumed that people would be willing to travel greater distances for a wider or more specialized range of medical care.

The second part of the study—relating distance traveled to demographic characteristics — indicated that rural residents journeyed an average of 7 miles farther than urban patients for all kinds of medical services.

Average mileage in the rather thickly populated study area, however, was probably not nearly as great as that traveled by residents in more sparsely settled areas such as the Great Plains.

At this stage, researchers assumed that income would have a positive effect on the ability to travel longer distances, if necessary, for medical assistance.

Since blacks and households headed by women generally have lower incomes than families headed by white men, they were expected to travel shorter distances.

Age and marital status were also assumed to be positively associated with mileage traveled, since older people and married residents with children might find a broader array of medical services necessary to satisfy their needs.

These assumptions, however, turned out to be only partly true. White households, as anticipated, did appear willing or able to go the longest distances for a doctor. Blacks traveled about 2 miles less to G.P.'s and hospitals and a little over 7 miles less to specialists.

Female family heads were found to travel about 5 miles less to specialists than their male counterparts, and older people seemed to journey a bit farther than average for specialized treatment. But their mileage to other types of services did not differ significantly from that traveled by other area residents.

Also contradictory was the finding that married patients traveled fewer miles than average to hospitals.

And most important of all—income levels appeared to have no bearing on how far the residents traveled for medical help. Economists surmised from this result that if health needs became pressing, people would willingly travel greater distances regardless of their incomes.

Since differences in income were not found to be associated with variations in mileage, while race did show a positive correlation, researchers concluded that factors not included in the analysis—perhaps tradition—influenced the mileage differences between races.

In general, this study indicated, as have several others, that rural dwellers have a longer road to travel when they're seeking specialized care. Growing specialization in the health profession has drawn medical personnel farther from outlying areas, and when miles count most, this can be crucial.

[Based on the manuscript Distance Traveled to Obtain Medical Services in a Selected Rural Area, by Leon B. Perkinson, Economic Development Division.]

Winter Heats Up Mexico-Florida Vegetable Rivalry

For most farmers the coming of winter signals colder weather and overcoats. But for Florida vegetable growers, winter means the heating up of an old rivalry.

Our supplies of fresh vegetables during winter hinge on farming regions of year-round warmth, and Florida and Mexico are hotly competitive in filling those needs.

Though production in Florida is increasing about 5 percent a year, the U.S. has long relied on its Latin American neighbor for a substantial portion of its winter vegetables. Mexico has been sending its crops here since before World War I, and the pace of shipments is accelerating.

Vegetable imports from south of the border have risen at an annual average rate of 8 percent in the past 5 years. Most commodities, however, showed gains of 10 percent or more.

Mexico enjoys two particular advantages over its American rivals. First, its lower labor costs give Mexico a significant edge in the production of crops that require mostly hand harvesting.

This tends to explain why tomatoes, a labor intensive crop, account for over half of Mexico's shipments every year. Mexico has little market in the U.S. for crops like sweet corn, celery, radishes, and carrots, whose harvesting is now fully mechanized.

Mexico's other advantage is its slightly warmer climate, which keeps crop losses to a minimum.

There are, however, some offsets to these advantages that will keep Florida in the running. For one, Mexico has to import many of the inputs used in the production and packing of vegetables. The costs of these items are up due to inflation in the exporting countries and rising transportation costs.

Mexico is also at a disadvantage because its rate of inflation is somewhat higher than in the U.S. Pro-

duction costs are rising more rapidly for the Mexican producer.

Mexican producers have also been set back by a recent hike in the minimum wage, which was raised 14 percent to $3.28 per day.

Though the Mexican vegetable industry has been growing faster than Florida's, these developments appear to have improved Florida's competitive position.

Assuming that Florida continues to have the protection of import duties, its stronger position now could cause Mexico to diversify into other crops.

Field crops offer several incentives over vegetable growing: Field crop production involves less risk of economic loss than in the case of vegetables, and the capital requirements to grow field crops are lower. Another reason for shifting more resources to field crops in Mexico is the increasing difficulties with labor.

[Based on journal article "Winter Vegetables—Trends and Developments Affecting Mexican Imports" by James L. Pearson, Commodity Economics Division.]

Italian Types Lead Surge in Cheese Output

A loaf of bread, a jug of wine, and . . . don't forget the cheese.

U.S. cheese production soared 65 percent in the past decade. Production rose 38 percent in the last 5 years alone.

As cheese use changed, so did our preference for the various types of cheeses. The popularity of Italian varieties, particularly Mozzarella, has increased more rapidly than the American types.

Though output of American cheese surged by half since 1963, Italian cheese has tripled and now accounts for more than a fifth of all cheese produced. Other big gainers include Munster and Bleu cheese. Just about the only losers in cheese production this decade are Neufchatel and the potent-smelling Limburger.

[Based on *Dairy Situation*, DS–352, September 1974.]

Men and Milestones

San Francisco, Calif., 1915—**W. D. Hoard** *is named as "Wisconsin's most distinguished citizen" at the Panama-Pacific Exposition.*

William D. Hoard was born in 1836 in Munnsville, N.Y. Dairying was part of his growing years as he worked with his grandfather and for a neighbor, who insisted that he supplement work with reading agricultural journals.

In 1857, Hoard moved to Wisconsin. Then, like many young men, he served in the Union Army. In the immediate postwar years, he shifted from the nursery business to hop culture, and then peddled washing machines before he turned to journalism.

In 1870, he started the *Jefferson County Union*, with an agricultural section. Fifteen years later he began the journal, *Hoard's Dairyman*, that made him known across the Nation and overseas. Whenever the opportunity was presented, he promoted dairying in the U.S. and Canada, advocating improved breeding and care of dairy cattle, adoption of the Babcock butterfat test and tuberculin testing, production of alfalfa, and use of silos for winter feeding.

He campaigned for and saw freight rates lowered and refrigerator cars brought to Wisconsin, enabling its cheese makers to market millions of tons of Wisconsin cheese each year to places as distant as the Atlantic seaboard.

Hoard was a logical leader in organizing first a county, then the Wisconsin, and finally the Northwestern Dairyman's Association.

In 1888, he was elected to a 2-year term as Governor of Wisconsin. Then he resumed management of his dairy journal. He also served on the Board of Regents of the University of Wisconsin and as the university's president, helping make possible the State soil survey.

The news of his death in 1918 was carried in newspapers across the country. The "Father of American Dairying" was gone, but his influence lived on.

[Special material by Vivian Wiser, Agricultural History Group.]

Mineral Rights: Pitfalls & Profits

To lease or not to lease, that's the question for many landowners sitting on rich mineral deposits. To turn potential pitfalls into profits, an ERS economist offers some sound managment guidelines.

It's a dream come true. Your neighbor has just signed a lucrative agreement with an oil company for exploratory surveying and drilling, and now the company is interested in leasing part of your property as well. With luck, you could all become rich.

But suddenly there's a catch, and you feel your potential wealth slipping from your grasp. You find you don't own the mineral rights to the tracts the company wants to explore.

Your predicament is far from unusual—chances are most landowners don't own all the rights to all minerals in all parcels of land for which they hold the surface title.

Scattered ownership. Perhaps a former owner sold off part of the mineral rights, or reserved them for himself when he sold the land. Healthy chunks of subsurface rights were frequently reserved by State land departments, land-grant railroads, the Federal Government, banks, and insurance companies when they sold land.

But this offers small comfort when lease brokers from petroleum or coal companies come to call. Only mineral owners can participate in lease negotiations. And if you're excluded, not only will you not receive any royalties or other benefits should rich mineral deposits be discovered, but you also may not be able to press for specific lease provisions to protect the surface rights you do own.

No recourse. And what's just as important—you have no legal recourse if mineral titleholders decide to lease their rights without your knowledge or consent. Your best cropland might be designated as the proposed site of a well or mine, but without at least partial mineral ownership, you have little or no say in the terms of the agreement. In some cases, you may not even be entitled to compensation for damages to your land and crops.

Since so many landowners—especially those in the coal-rich Great Plains—may someday have to make far-reaching decisions about their land and its subsurface resources, they will need some guidelines for managing mineral rights.

Management guidelines. The first step landowners should take is to compile a list of all tracts they own, along with the rights to each mineral remaining with the surface title.

This process often requires legal counsel to interpret the wording of clauses pertaining to minerals in the chain of title to each parcel. For instance, in some cases the term "rights to oil, gas, and other minerals" may include coal rights, while in other cases it may not.

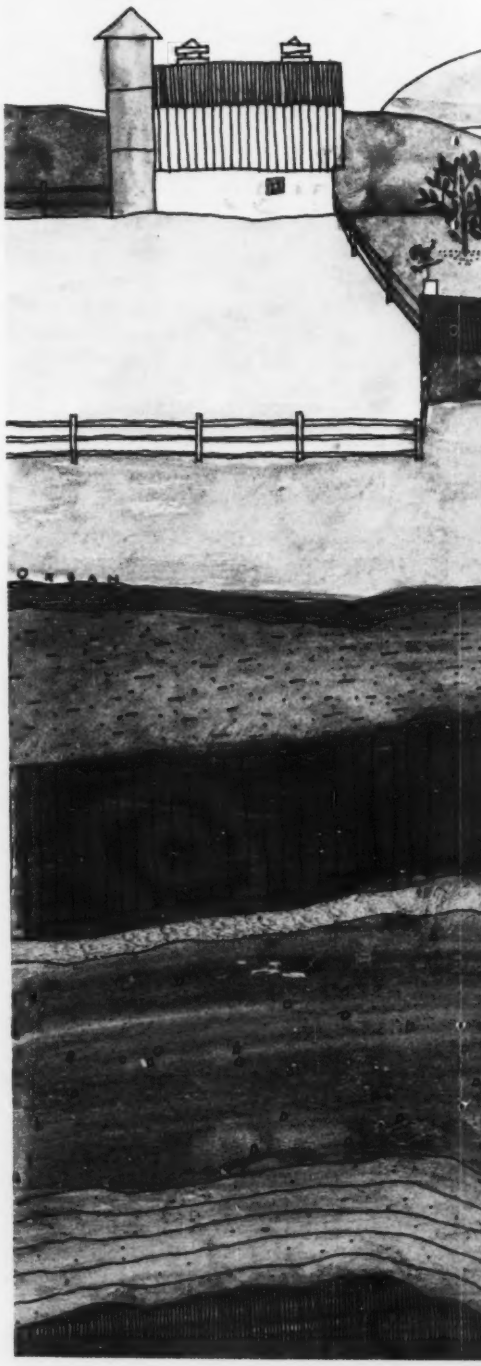
If landowners find they own at least partial mineral rights to their property, the next step is to thoroughly study, and discuss with an attorney, the various lease provisions offered by petroleum or coal companies in their area.

This is important—mineral leasing is complicated, and is not a field for "do-it-yourselfers." Any landowner considering a lease should see an attorney who is well-versed in this subject.

Lease provisions. Oil, gas, or coal leases may differ in form, but they all grant a mineral development firm the exclusive right to explore specific tracts of land for oil, gas, or coal, and to produce and market these minerals if found. Within the boundaries of the land under lease, the company can use as much of the surface as is necessary for actual mining operations and for storing and marketing the minerals.

Leases are drawn for a primary term—such as 5 or 10 years in most gas and oil agreements and 20–25 years for coal mining—but they can remain binding for as long as the company is producing minerals, or is still drilling, mining, or reworking the land.

Mineral leases are usually worded so that they will automatically terminate at the end of any year if the company has not started to drill or



mine the tract, or if it has not paid the mineral owner a specified annual rental by a certain date.

Delay rentals. These payments to mineral owners are called "delay rentals" because they enable companies to keep leases in force without having to begin any drilling operations.

In most coal leases, delay rentals have a different meaning—they are actually advance royalty payments. This means that if coal is mined and marketed from the tract, the amount of the previously paid delay rentals is deducted from royalties to be paid to mineral owners.

However, if the mining company allows the lease to terminate before coal is produced, mineral owners are not required to refund the payments.

In addition to rentals, companies sometimes agree to pay mineral titleholders an initial cash bonus at the time leases are negotiated.

Competitive rates. How large the rentals and bonuses will be depends to a great extent on how actively mineral developers are competing for leases in a particular area. Oil and gas bonuses for private landowners generally range from $1 to $15 per acre, but stiff competition can drive the rates up to $100 or more. On the other hand, where competition is slack, bonuses might not be offered at all.

Delay rentals of $1 per acre for coal and oil leases are about par for geologically attractive areas. However, in some sections of the Great Plains, rentals as low as 25 cents or less have been quoted for gas and oil leases. Even strong competition among coal and oil firms has seldom pushed annual rentals much above $1 per acre.

Perhaps the most potentially profitable clause in mineral leases provides for royalty payments—the mineral owner's share of the company's production. The customary oil royalty throughout the Plains is one-eighth of the oil produced and sold from the tract. The exact figure is usually computed on the basis of the daily market price of crude oil.

Prior to mid-1973, coal royalties in the Northern Great Plains were generally 10 cents per ton for private titleholders, compared with 15 cents per ton for State-owned coal and 17½ cents for federally-owned coal.

Government agencies generally have stronger bargaining positions than private landowners because of the large acreages under their control. However, since last year royalties as high as 17½ cents and 20 cents per ton have been negotiated by private mineral owners in the Northern Plains.

Paying for damages. Many private coal leases stipulate that part of the royalties will be paid to the surface landowner to cover the costs of damage to his property. The going rate has usually been 2 cents out of a 10-cent per ton royalty payment. Under some leases, mining operators are required to pay the current market value of land, crops, and timber that can't be salvaged.

Surface damages are a risk landowners must take in any type of mineral extraction project. Drilling for oil and gas, for example, could interfere with farming activities for some time, and it would almost certainly impair the productivity of the few acres required for the well site, slush pit, and access road.

But in coal mining operations, surface damages arising from the strip-mining phase can be even more extensive. State reclamation laws have been aimed at restoring land to its pre-mining topography and productivity, but the extent to which this is feasible is a matter of debate and study.

Problems for landowners. In any case, landowners lose the use of at least part of their land for several years while it is being mined and later as it is being restored.

Clauses providing adequate protection against these losses should be a major concern when evaluating proposed leases. Currently offered compensation rates could fall well below actual damages if coal isn't mined for 20 years or so and land values continue to escalate. However, an attor-

ney familiar with mineral leases can often spot potentially undesirable provisions and suggest a different wording of some clauses that might be more favorable to landowners.

But what about the surface owner who has no mineral rights? He can't negotiate lease provisions, and he can't legally prevent a coal company from exploring and mining his property if the mineral owner has signed a lease. Must he accept the company's compensation offer even if he is dissatisfied?

Exploration agreements. The answer to this problem depends on the wording of the legal document that separated the mineral rights from the surface rights. Although the landowner and developer could go to court to settle the issue, they are usually encouraged to instead draw up an exploration agreement to avoid costly litigation.

These are essentially short-term contracts that set up the rights and obligations of each party before any drilling or earth-moving work begins. Usually the coal company pays specified fees and damages in return for going ahead with preliminary drilling and core sampling. After completing the exploratory work, the developer is often responsible for cleaning up the drill sites and plugging and capping each hole.

In addition to checking provisions for surface damages, mineral and surface owners should also guard against signing over more rights to the developer than they planned to.

A prime example of how easily this mistake can be made—and why landowners need legal advice during lease negotiations—is found in a provision commonly included in oil leases.

Called the "free use" clause, it enables the oil company to freely use the land's oil, gas, coal, wood, and water, except water from the landowner's wells, for all its operations.

FARM INCOME STATISTICS:

Some of the most quoted—and misquoted—of all statistics are the U.S. Department of Agriculture's national farm income figures. USDA publishes regularly a comprehensive set of income estimates relating to agriculture. The major series, along with other important series from which they are derived, have been developed over more than a third of a century. Each series, whether major or minor, is designed for a specific purpose. For accurate results it should be used only in the way it was designed to be used. Unselective use is a common cause of error. Many figures may be vaguely reported as farm income—cash receipts, realized gross income, total net income, for example. Yet there are billions of dollars worth of difference between them. USDA's estimates center around two major concepts of farm income: One views agriculture as a business or an industry and measures income from the job of farming. The other views the people who live on farms and measures their income from both farm and nonfarm sources. The major series in each classification and their relationship to other series are shown here.

INCOME FROM FARMING, 1973

	Billion Dollars	
CASH RECEIPTS FROM FARM MARKETING Money received from sales of about 150 farm products.	88.6	+
GOVERNMENT PAYMENTS TO FARMERS Payments to farmers under farm programs. Net price support loans are included with cash receipts above.	2.6	+
NONMONEY INCOME Includes home consumption of farm products and imputed rental value of farm dwellings.	5.8	=
REALIZED GROSS INCOME FROM FARMING Income from farming available for all purposes—farm operation, family living and investment.	97.0	−
PRODUCTION EXPENSES All cash spent to operate the farm business, plus certain non-cash items. Includes depreciation of equipment and other capital items rather than current purchases of these items.	64.7	=
REALIZED NET INCOME USDA's standard net income figure. The word "realized" indicates that the figure has not been adjusted for changes in inventories. Represents return to operator for his labor and managment, the labor of his family and his invested capital.	32.2	+
NET CHANGE IN INVENTORIES Difference this year from last in quantities of each crop and livestock product held on farms, valued at average prices received by farmers during the year just ended.	4.0	=
TOTAL NET INCOME This figure is a component of national income figures of the Department of Commerce. It is published in the national income reports of that Department as "net income of farm proprietors."	36.2	

PERSONAL INCOME OF FARM POPULATION, 1973

	Billion Dollars	
PERSONAL INCOME FROM FARM SOURCES:		
TOTAL NET INCOME FROM FARMING OF FARM RESIDENT OPERATORS This is the total net income of farm operators from farming minus the net income received by farm operators who do not live on farms.	30.6	+
FARM WAGES OF LABORERS LIVING ON FARMS Wages and other labor income for farmwork paid by farm operators out of their gross income to workers living on farms. These wages are a production expense to farm operators, but a source of income to the farm population.	1.5	−
CONTRIBUTIONS OF FARM RESIDENT OPERATORS AND WORKERS TO SOCIAL INSURANCE	0.7	=
TOTAL PERSONAL INCOME OF FARM POPULATION FROM FARM SOURCES	31.3	+
PERSONAL INCOME FROM NONFARM SOURCES: Includes wages, salaries, and other labor income of farm residents from nonfarm jobs, rents and royalties, dividends, and interest, net income from nonfarm business and professions, and transfer payments, such as unemployment compensation and social security.	19.0	=
TOTAL PERSONAL INCOME OF FARM POPULATION FROM ALL SOURCES	50.4	

Free use of water? How this clause pertains to water use depends on the ground water laws in the State where the tract is located. Some State courts have ruled that the "free use" provision entitles the oil company to as much of the ground water on the tract as it needs, even if this means the surface owner must shut down his irrigation wells. And oil companies sometimes require enormous quantities of water for injection into oil-bearing strata during secondary recovery operations.

Another potentially costly example of semantic ambiguity is also found in many oil leases. In the usual lease, the oil company does not have to pay delay rentals at the end of a year if it has "commenced a well."

But this phrase can merely mean digging a slush pit, developing a water supply, building a road to the well site, or simply staking out a well location. To avoid losing money, landowners should insist on the wording, "commenced the *drilling* of a well."

The dry hole pitfall. "Dry hole" clauses should be avoided, too, because they allow the oil company to retain the lease for the rest of the primary term without having to drill or pay rentals if the first hole drilled is dry.

Despite these potential problems, mineral leasing can be quite profitable for landowners. So much so that the start of oil and gas explorations in a particular area frequently stimulates the buying and selling of mineral rights in the hope of speculative gain.

Should a landowner sell his mineral rights, or part of them, and take hard cash now in lieu of taking a chance on greater future profits, or perhaps none at all?

Ultimately this decision boils down to whether the offered price is high enough, not only to offset reductions in potential lease income, but also to cover the disadvantages of separating mineral and surface rights.

Drawbacks to selling. When mineral rights are sold, property rights in the land are distributed among individuals whose interests in it may differ greatly. This can be a real hazard for the surface owner because he doesn't have complete control over his property.

But that's not all. Mineral exploration companies sometimes defer leasing tracts where the mineral rights have been highly fractionalized due to the costs of locating and negotiating leases with many scattered owners.

Also the market value of the land may decline if mineral rights are sold, and some credit agencies have indicated that separate ownership of subsurface resources makes a tract less desirable as security for real estate loans. Title clearance problems are another possible hazard with diversified ownership.

Some land counselors advise surface owners to retain at least 25 percent, and in some cases 50 percent, of the mineral rights in each tract for their own protection. This is especially important where strip-mining is a definite possibility.

[Based on the manuscript Mineral Rights Management by Private Landowners in the Great Plains States, by Stanley W. Voelker, Economic Development Division.]

Chewers' Choice

Handlebar moustaches have returned to baseball, but chewing tobacco has pretty much given way to bubble gum.

Nevertheless, there were apparently a lot of old-timers in front of TV sets across the country cheering for their favorite team in this year's hot pennant races with a noticeably swollen jaw. U.S. output of chewing tobacco has spurted 16 percent in the past 5 years to 74 million pounds. According to ERS, production will probably increase again this year.

In the era of Abner Doubleday, plug tobacco was the favorite among ball players and fans alike. Nowadays chewers apparently prefer the convenience of loose leaf and fine cut tobacco. For several years, plug output has been declining, while loose leaf and fine cut production has been on the upswing.

The record books on our great American pastime don't show if pitchers who were right-cheek chewers did better against left-handed batters or if left-cheek chewers did better against right-handed hitters . . . but one thing is certain: in those days a spitter was much easier to spot.

[Based on *Tobacco Situation*, TS–149, September 1974.]

Fish Consumption Sinks As Meat Supplies Rebound

Americans ate more fish last year, but the habit didn't stick.

Consumption jumped to 12.6 pounds a person in 1973, as consumers began casting about for alternatives to meat and poultry, whose prices jumped as supplies dipped.

For 1974, shrimp eating may become even more popular, holding fresh and frozen fish consumption in line with year-earlier levels. But due to smaller salmon supplies, canned fish consumption may drop, leaving total fish use lower than in 1973.

As of June 1, cold storage holdings of fishery food products stood at almost 400 million pounds—more than half again above the year-earlier mark. Inventories usually recede during the first part of the year before production picks up seasonally. But the reduction through May this year amounted to only 36 million pounds —versus 145 million in 1973.

Two major factors contributed to the inventory buildup—surging imports and slackening consumer demand. During January-May, fresh and frozen seafood imports ran about 13 percent over a year earlier. Domestic production, meantime, stayed about the same.

Imports accelerated to fill the mounting demand for seafood created by tight meat and poultry supplies last year. But as meat supplies become more abundant, demand for fishery products tapered off.

[Based on information supplied by the National Marine Fisheries Service, U.S. Dept. of Commerce, in the *National Food Situation*, NFS–149, August 1974.]

Real Estate Leads Record Rise in Farm Assets

Spurred by a 25-percent jump in farm real estate value, the value of farm assets posted a record $92-billion gain from 1973 to the start of this year.

On January 1, 1974, farm assets totaled $478.8 billion, up 24 percent from a year earlier. This increase was almost double the 13-percent rise in 1972 and 3 times the growth rate in 1971.

More than two-thirds of the increase in total assets—nearly $65 billion—was due to the record-setting rise in real estate value. Average farmland values jumped from $247 per acre at the beginning of 1973 to $310 at the start of 1974. This increase was more than the total gain in real estate value for the years 1969–72 combined.

Economists attributed the boost mainly to unusually high commodity prices and record high net farm income last year, as well as to buyer optimism over the long-term outlook for farm income. In addition, some investors apparently shifted funds into farm real estate as a hedge against the rapid rate of inflation in the general economy.

While real estate was the major force driving farm asset values up, higher prices for livestock, stored crops, and farm machinery pushed their values to record levels as well.

Farm debt also chalked up a sizable increase in 1973, but lagged behind growth in assets. Total farm debt at the beginning of 1974 was $84.1 billion, more than 12 percent higher than a year earlier. Both long-term farm mortgage debt and short-term non-real estate loans for machinery, motor vehicles, and livestock shared in the increase.

However, Commodity Credit Corporation loans declined sharply with the change in farm programs to $0.7 billion—down from $1.8 billion at the start of 1973.

Interest charges of a little over $5 billion on the total debt were 18 percent above 1972, reflecting stronger demand for credit as well as higher interest rates.

The more rapid growth in assets caused the farm debt-to-asset ratio to fall to 17.6 percent at the start of this year—a sharp drop from the 19.4 percent ratio in 1973. This marked the second consecutive decrease since the ratio began a steady climb in 1958.

The larger gain in assets also showed up in a hefty $82.8 billion boost in equity owned by farm proprietors during the past year. This increase far outstripped equity growth in any other single year.

Total equity of $394.7 billion in January 1974 was greater than the value of all farm assets just a year earlier. About three-quarters of the advance was due to growth in farm real estate equity.

Returns to equity in farm production assets mounted from 4.7 percent in 1972 to 10.9 percent in 1973, reflecting the faster rate of increase in gross farm income than in production expenses.

On the whole, the major farm asset items have maintained about the same relative importance since 1940. With few exceptions, farm real estate value has accounted for roughly two-thirds of total assets.

Other physical assets, such as crops and livestock, farm machinery, motor vehicles, and household equipment, usually make up about one-fourth of the total asset value, with financial assets accounting for the remainder.

A $2.1-billion gain in value of physical assets other than real estate and a $0.3-billion increase in farmland value in constant prices was largely offset by a $1.8-billion decline in the purchasing power of financial assets.

In recent years, a large chunk of the growth in farm asset value can be attributed to price increases. From 1967 to 1974, for example, the value of farm assets in current prices rose $210.7 billion. Of that amount, $202.1 billion, or 96 percent, was due solely to rising prices.

[Based on the *Balance Sheet of the Farming Sector, 1974*, Agriculture Information Bulletin No. 376, September 1974.]

BALANCE SHEET OF THE U.S. FARMING SECTOR

Item	1940[1]	1960[1]	1973[2]	1974[3]	Change 1973 to 1974	Change 1973 to 1974[4]
ASSETS	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Pct.
Physical assets:						
Real estate	33.6	130.2	260.6	325.3	64.7	24.9
Non-real estate:						
Livestock and poultry	5.1	15.2	34.1	45.8	11.7	34.5
Machinery and motor vehicles	3.1	22.7	39.1	43.6	4.5	11.5
Crops stored on and off farms[5]	2.7	7.7	14.5	22.1	7.6	52.3
Household equipment and furnishings	4.2	9.6	11.9	13.6	1.7	14.1
Financial assets:						
Deposits and currency	3.2	9.2	14.0	14.9	.9	5.5
U.S. savings bonds	.2	4.7	4.0	4.0	.0	.0
Investments in cooperatives	.8	4.2	8.6	9.5	.9	10.2
Total	52.9	203.5	386.3	478.8	92.0	23.8
CLAIMS						
Liabilities:						
Real estate debt	5.6	12.1	35.6	41.3	5.7	15.4
Non-real estate debt:						
Excluding Commodity Credit Corporation loans	3.0	11.6	37.3	42.3	5.0	13.3
Commodity Credit Corporation loans[6]	.4	1.1	1.8	.7	−1.1	−58.1
Total liabilities	10.0	24.8	74.7	84.3	9.6	12.7
Proprietors' equities	42.9	178.7	312.1	394.5	82.4	26.4
Total	52.9	203.5	386.8	478.8	92.0	23.8
Debt to asset ratio (percent)[4]	18.9	12.2	19.4	17.6	—	—

[1] For 48 States. [2] Includes Alaska and Hawaii. [3] Preliminary. [4] Computed from unrounded data. [5] All crops held on farms including crops under loan to Commodity Credit Corporation and crops held off farms as security for CCC loans. On Jan. 1, 1974 the latter totaled $553 million. [6] Nonrecourse CCC loans secured by crops owned by farmers. These crops are included as assets in this balance sheet.

Rural Areas Draw More Return Migrants Than Urban Centers

Americans have been pictured recently as restless wanderers without strong ties to particular geographic areas. How accurate is this portrait? What about the migrants who return to the areas where they were born?

These and other questions are examined in a joint study on return migration, by the Office of Economic Opportunity, the University of Georgia, and the Economic Research Service.

The study notes that some 30 million people 5 years old and over lived in a State in 1970 other than where they were born. On the other hand, the 1970 Census indicated that 3 million people who had lived elsewhere moved back to their State of birth between 1965 and 1970. And although return migrants represent a small share of the total U.S. population—under 2 percent of all persons 5 years old and over in 1970—the proportion is considerably higher in rural areas and among certain segments of the population.

Return migration is greater in rural areas than urban places, the study shows. Also, the rate of migration varies by race.

In 1967, for example, there were 5 million rural-born people who had moved to urban areas and then returned. Almost a fourth of the white rural-urban migrants had moved back to rural areas, compared with only an eighth of the blacks.

Return migration to urban areas was less common. In 1967, 3 million urban-to-rural migrants had returned to urban environments. Fewer blacks moved than whites but they had a higher proportion of returnees. Over a third of the small group of urban blacks who moved to rural areas had returned, compared with a quarter of the whites.

In general, the study says that race, more than other factors such as age and sex, is associated with the rate of return migration. Among persons 5 years old and over, whites were roughly 1½ times as likely as blacks to have returned to their State of birth from elsewhere during the 5 years preceding the 1960 and 1970 Censuses.

The difference in return rates was due partly to the high proportion of blacks originating in the South, for whom migration across State lines often meant leaving the South. The origins for whites were much more diverse and the barriers to return were less. The narrowing of the gap between return rates for the races in 1970 may reflect improved conditions for blacks in the South, as evidenced by an increasing tendency to return to that region.

The proportion of return migrants in 1960 and 1970 was about the same for males and females. However, there were major differences at certain ages, especially between 15 and 30 years. In the 15–24 year age range, females were more likely to be return migrants than males, while at ages 25–29 the opposite was true. Much of the migration of young males was attributed to military service requirements.

The study also found geographic differences in return migration patterns.

In Census divisions where people leaving outnumbered the newcomers, return migrants comprised a large share of the in-migrants. Reasons: a losing area has a larger pool of persons who have left and can be drawn back again; also, losing areas probably have limited opportunities and little to attract outsiders who have no ties to the area. In contrast, gaining areas had low proportions of returnees and attracted large numbers of new migrants.

[Based on "Return Migration in the United States," by Anne S. Lee, in *International Migration Review*, Special Issue, Vol. 8, Summer 1974, pp. 283–300.]

Knit Notes

Knits are in the forefront of today's fashion news, appearing in everything from women's dresses to men's shirts and slacks to toddlers' playsuits.

To meet the soaring demand, more and more of the knit clothing we wear is imported, either as knit cloth or ready-to-wear apparel. Knit cloth imports jumped 38 percent annually during 1965–73, while knit apparel imports rose 22 percent.

Manmade fibers led the increase in knit textile imports. Their share of the market climbed from less than one-fourth in 1965 to over four-fifths in 1973. Manmade fibers are particularly popular in knit outerwear for men and women.

U.S. knit textile exports are also increasing, although they are still at very low levels. Since 1965, exports have risen 9 percent a year for knit cloth and 12 percent for knit apparel. As with imports, most of the growth is due to the popularity of manmade fibers.

[Based on "Recent Trends in Knit Textile Trade," *Cotton Situation*, CS–267, August 1974, by John V. Lawler and Russell G. Barlowe, Commodity Economics Division.]

Iowa Moves to Top Spot Among Farm Marketers

After reigning for 25 years as the Nation's top earner of farm cash receipts, the State of California was nosed out by Iowa in 1973.

Iowa won with receipts of almost $7.4 billion for the 25 leading commodities, compared with California's total of slightly over $7.2 billion. Texas again came in third with $6.5 billion.

Iowa also headed the list in livestock marketings, at $4.2 billion, followed by Texas ($3.7 billion) and California ($2.7 billion). California, however, finished first in value of crop marketings—$4.5 billion. Next were Illinois ($3.4 billion) and Iowa ($3.2 billion).

Nationally, the total commodities had a value of $88.6 billion—up from $61 billion in 1972—of which livestock accounted for $46.2 billion and crops, nearly $42.4 billion.

[Based on *Farm Income: State Estimates, 1949–73*, FIS–224, September 1974, National Economic Analysis Division.]

Broiler Use Makes Biggest Descent on Record

American consumers are putting fewer broiler chickens on their dinner tables these days. Consumption dropped a little more than 1 pound per person to 37.7 pounds last year—the sharpest decline since records have been kept.

Farmers are producing fewer broilers now because profits have sunk to zero. Production and marketing costs are presently exceeding market prices.

Unusually large supplies of other meats, namely beef, pork, and turkey, have helped keep broiler prices down.

This year's consumption will about match the 1973 figure. But with little profit incentive for producers, broiler output can be expected to continue downhill in 1975.

[Based on *Poultry and Egg Situation*, PES–283, September 1974.]

Production Costs Soar For Flue-Cured Tobacco

The 1974 flue-cured tobacco crop didn't come cheaply.

Earlier this year, growers were afraid that soaring input costs would reduce net returns. Economists define net returns as returns for land, management, and allotment inputs.

Since 1972, the cost of producing flue-cured tobacco advanced nearly 37 percent. The cost of fertilizer doubled, liquid petroleum gas more than doubled, and diesel fuel prices shot up 70 percent.

Farm wage rates climbed less sharply. But since tobacco production is labor intensive, a small hike in wages generates a substantial rise in expenses.

Farmers are trying to trim labor costs through gradual mechanization. Use of bulk barns and mechanical harvesters stands to reduce the labor needed for harvesting and market preparation by up to 75 percent.

To assess the extent of recent increases in specified input costs, ERS economists compared 1972 and 1974 production costs of two harvest systems. The first is a conventional system, which uses walking primers, a tying machine, and a conventional barn. Roughly 40 percent of the 1972 crop was harvested this way. The second, a semimechanized system, uses riding primers and bulk barns. This system and variations of it were used on nearly 8 percent of the 1972 tobacco acreage.

Labor proved the largest cost under the conventional system, accounting for nearly 36 percent of estimated production expenses—versus 39 percent in 1972. Nonetheless, wage rates rose more than a fourth since 1972, adding about 4 cents a pound to production costs.

Curing fuel made up more than 13 percent of production costs this year, compared with 8 percent in 1972. Tractor and fertilizer costs also rose sharply, driving up total specified expenses for the conventional system to 58 cents a pound—nearly 16 cents more than in 1972.

Production costs for the semimechanized, or bulk, system increased by roughly the same amount. This method required some 70 hours less labor than the conventional system, but labor still made up about 28 percent of total costs.

Bulk barns proved the second largest expense, with costs swelling by nearly a fourth in the past 2 years. Total specified expenses for the bulk system ran about 55 cents a pound this year, up from 40 cents in 1972, but 3 cents less than the conventional system.

Through September, cumulative sales of flue-cured tobacco averaged near $1.03 a pound—versus 85 cents in 1972. Net returns for tobacco harvested the conventional way are therefore projected at 44.9 cents a pound this year—up from 42.6 cents in 1972. For the bulk system, net returns will probably average 47.9 cents, against 44.8 cents in 1972.

[Based on "Flue-Cured Tobacco Production Costs and Prices, 1972–1974," by William D. Givan, and Frederic L. Hoff, Commodity Economics Division, appearing in *Tobacco Situation*, TS–149, September 1974.]

U.S.-Mexican Farm Trade Shatters All Records In Two-Sided Tradefest

For the first time ever, Mexico became our leading supplier of farm imports last year.

In edging past Brazil for the No. 1 spot, Mexico shipped us $742 million worth—up a fourth from 1972.

The surge in trade proved two-sided, as U.S. farm exports to Mexico in 1973 doubled to a record-shattering $362 million. This year's trade tally will be even higher. Our shipments in first half 1974 alone totaled $390 million—$28 million more than for all of 1973.

Some of the value increases resulted from higher prices. Nonetheless, most of the commodities traded also expanded in volume, reflecting strong demand for farm products in both countries.

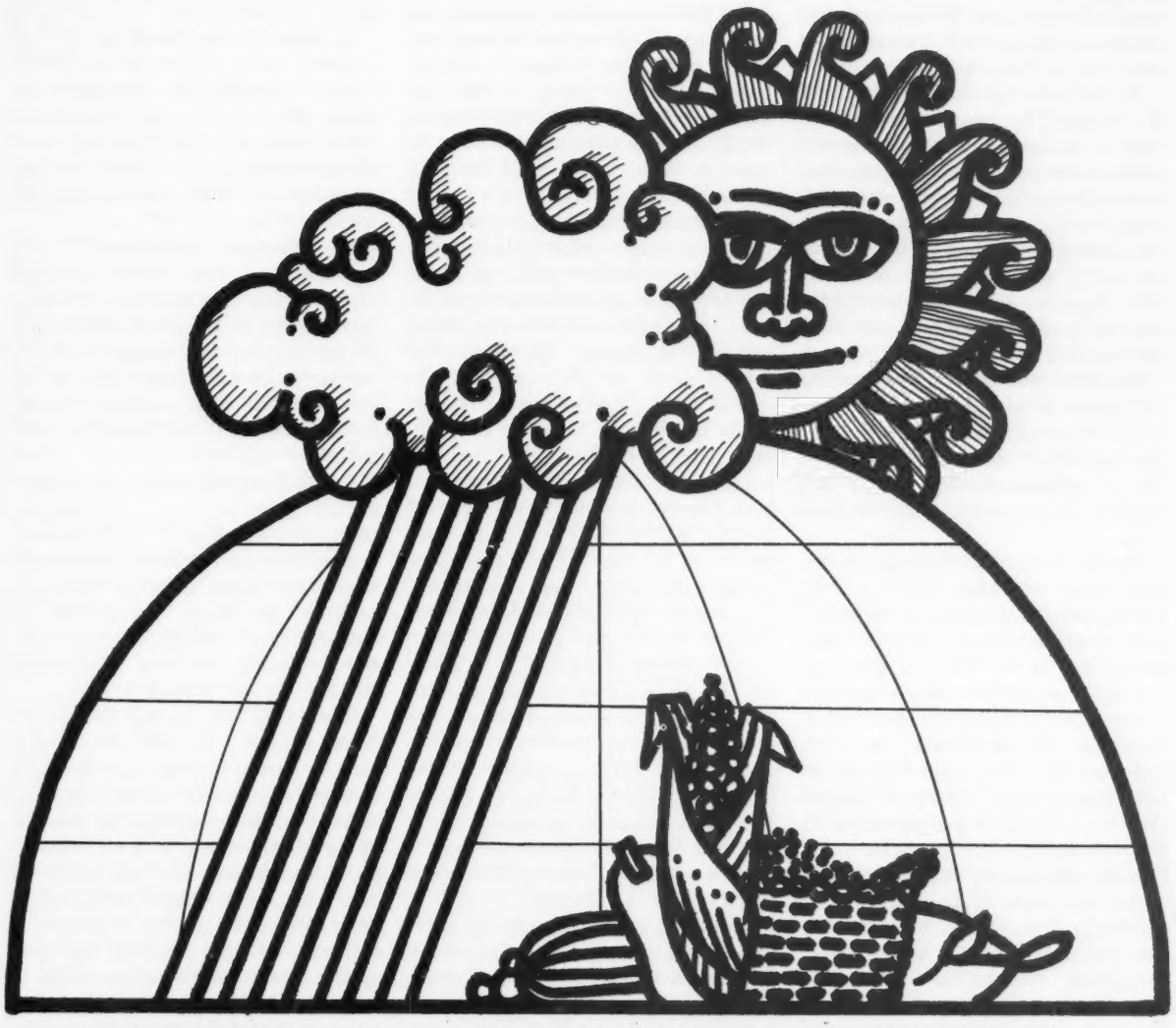
Prolonged drought conditions, poor harvests, and population growth have combined to drive up Mexican import demand in recent years. In 1973, farm commodities made up 12½ percent of all U.S. exports to Mexico—up from around 6-8 percent during the sixties.

Shipments of U.S. wheat, corn, barley, soybeans, soybean oil, cottonseed, cottonseed oil, and cattle hides all posted substantial gains last year, as the U.S. provided about four-fifths of total Mexican farm imports.

Fresh vegetables and fruits—shipped mainly during the winter—sugar, and feeder cattle form the mainstay of U.S. imports from Mexico. Last year, bigger purchases of fresh vegetables, strawberries, melons, molasses and tobacco acounted for much of the growth in trade.

Mexican export restrictions, however, curtailed shipments of their feeder cattle and boneless beef to us. Cane sugar exports also fell from year-earlier levels, but steeper prices produced an increase in value.

[Based on *Foreign Agricultural Trade of the United States*, August 1974.]



REAPING A WEATHER-WORN HARVEST

World food production in 1974/75 will be hard pressed to approach last year's record harvest. Poor weather in several key producing areas has already curbed output.

Weather-stricken crop yields in major producing areas have dashed hopes for a record global harvest this year, leaving the world to face another period of uncertain food supplies and unstable prices.

Preliminary data from the 1973/74 crop year and projected production, disappearance, and stock figures for 1974/75 point to an increasingly tight world grain market in the next 6-8 months.

Economists expect that sharp weather-related setbacks in wheat and coarse grain crops, along with a smaller decrease in rice production, will pull total world grain output down to 1,125 million metric tons in 1974/75—a drop of 37 million tons from last year's record crop. This would also be about 38 million tons below the 1960-73 production trend and 70 million tons short of July's optimistic forecast.

Included in the projections are estimates of crops still being planted in the southern hemisphere.

However, world demand, spurred by rising incomes and population growth, is expected to exceed overall production for the third straight year. The production shortfall will put even more pressure on dwindling world grain stocks this year in a number of exporting countries and in nations particularly hard hit by floods and droughts.

Wheat, rice, and coarse grain stocks could well be drawn down

some 8-9 million tons below last year's 20-year low, leaving year-end stocks of wheat and coarse grains at about 100 million tons.

As recently as 1969/70-1971/72, the four major grain exporters held almost as much wheat and coarse grains among themselves as this year's estimated world total. But their recent drawdown rates, which have been faster than in the rest of the world, are expected to leave the U.S., Canada, Australia, and Argentina with grain stocks of only 31.5 million tons at year's end.

Weather clouds outlook. Bad weather in the two largest grain exporters—the U.S. and Canada—as well as in parts of South Asia and China, has been largely responsible for the world's gloomy crop outlook this year.

In the U.S., coarse grain crops, especially corn and sorghum, suffered sharp reductions because of the crippling summer drought and early frost in the Great Plains.

October estimates set total U.S. coarse grain production at 153 million tons—off 33 million tons from last year and 43 million tons below July projections. Economists expect that only 25 million tons of the current harvest will be available for export, compared with 39-40 million tons in 1972 and 1973.

Coarse grain production outside the U.S. is expected to fall as well—the result of weather-related setbacks in Canadian and Mexican output and below-average corn crops in Eastern Europe and the European Community. However, these dropoffs should be partially offset by favorable production outlooks in Australia, Argentina, and South Africa.

Wheat yields down. The U.S. wheat crop fared better than coarse grains, but drought-reduced yields are expected to neutralize much of the effect of expanded acreage. Early September reports set wheat production at 48.8 million tons.

Limited supplies of major commodities have already led to the cancellation of a 3.4-million-ton grain sale to the Soviet Union, and U.S. exporters have been asked to obtain prior USDA approval for sales of wheat, corn, sorghum, soybeans, and soybean meal above specified amounts.

But while the volume of agricultural exports is likely to dip considerably in fiscal 1975, higher prices could keep the value of total exports close to the record 1974 level of $21.3 billion.

Canadian grain crops got off to a poor start this year when heavy spring rains delayed plantings in the Prairies, and forced farmers to cut back on acreage intended for wheat and coarse grains. More than 26 million acres were left fallow.

Frost bites Canadian crop. Hot, dry spells hit Prairie crops in midsummer, and combined with reduced acreage, the weather shaped an outlook for the current wheat crop of 16-16.5 million metric tons at best. However, a recent frost could cut yields even further and drop output to roughly 14.2 million tons, down from over 17 million tons last year.

Only sketchy information is available on grain prospects in Australia and Argentina since much of the southern hemisphere crop is still being planted. Early forecasts appear generally favorable, but poor weather later in the year, or revised planting intentions, could put yet another damper on grain production in the major exporting nations.

Preliminary reports already indicate that Chinese and Soviet wheat crops have fallen off from last year. Imports by China could well exceed 7 million tons, adding even more pressure to the tight wheat supply situation. But economists expect that the 20-million-ton Soviet shortfall can be at least partially filled by their record output of coarse grains.

From floods to drought. Weather struck some of its hardest blows on the Indian subcontinent this year. Severe floods in Bangladesh and droughts in large parts of India are likely to slash wheat and rice production by roughly 6 million tons and corn, barley, sorghum, and millets by about 4 million tons.

The situation is expected to be particularly bad in India where 6-7 million tons of the dropoff are concentrated and stocks are extremely low.

In the past India depended on large imports at concessional prices to counter production shortages at home. But concessional imports are likely to be minimal at best this year, given current export prices and the strength of world commercial demand.

Food shortages. So far Indian grain imports have been inadequate and serious food shortages are developing in some urban areas. Additional wheat imports are planned for the remainder of 1974, but a good bit of the shortfall will probably be absorbed through consumption cutbacks.

Bangladesh has tried to import enough grain to insure average per capita consumption of 15-16 ounces a day. However, present grain supplies won't allow the government to continue providing the customary food ration to urban dwellers while also providing adequate food relief to flood victims in rural areas.

Meanwhile, the actual extent of flood damage to the main rice crop is still unknown. If rains persist and replanting efforts are unsuccessful, the crop could be down a million or more tons. If good weather prevails this fall, the loss could be much less. More than 20,000 square miles were affected by floodwaters, even greater than the area engulfed by the catastrophic floods of 1955.

Meal and oil output drops. Grain crops haven't been the only victims of poor weather this year. Preliminary estimates indicate that world meal and oil production will also be down in 1975—largely due to the drought-wilted and frostbitten outlook for the U.S. soybean crop.

This fall's domestic soybean harvest is expected to fall nearly 7 million tons below last year. On a meal and oil basis, this means a drop of about 5 million tons of meal and just over a million tons of oil—roughly 7 percent and 4 percent, respectively, of world meal and oil output.

Despite anticipated boosts from other major producers, world prices for oilseeds and oilmeal products

rose sharply when bad weather withered U.S. crop prospects—a reflection of the dominant role U.S. soybeans play in the world market.

Hopeful prospects. However, significant increases are projected for Brazilian soybeans, Peruvian fishmeal, and Central African peanuts in 1975, and along with the buildup of stocks this year, they should keep available supplies near the 1974 level.

Economists caution that these forecasts are very tentative since many oilseed crops have not yet been harvested. Oilmeal consumption estimates are even more uncertain because they depend on demand for meat products, livestock feed requirements, and prices of feed grain substitutes.

All in all, tight supply/demand conditions will likely continue in the world meal and oil market in the coming year.

In contrast, commercial meat production is on the rise again this year, reversing the sharp drop in 1973. Meat prices are stabilizing below earlier peaks, but higher retail prices, slower economic growth, and inflation have restrained consumer demand. In the past year, livestock and poultry prices in developed countries have dropped significantly from 1973's high levels.

Troubled livestock producers. Concern for livestock producers caught in the squeeze between lower prices and higher feed costs has prompted many governments to encourage exports and delays in slaughtering, while imposing import restrictions and purchasing domestic meat supplies to support prices.

A totally different picture emerged for world fertilizer supplies last year. Unusual scarcity dominated the market for nitrogen and phosphate, and prices of some fertilizers soared as much as 200-300 percent as production capacity strained to keep pace with rapidly mounting demand.

Even though production in 1973/74 continued to expand at rates close to those of recent years, only potash supplies seemed sufficient to meet the world's needs. Plant capacity in developed countries was hard pressed to turn out more nitrogen and phosphate, while substantial capacity remained unused in less developed countries.

Major fertilizer consumers. Stimulated by record grain prices, much of the increased demand for fertilizer came from North America, the Soviet Union, and to some extent, from developing countries. However, high prices and limited foreign exchange reserves have forced many less developed nations to cut back from their previous boosts in fertilizer use.

Food Security

Strengthening world food security is a key item on the agenda of the UN World Food Conference being held in Rome this November.

Many of the 137 participating nations are anxious to draw up general guidelines for a new, more effective system of world food reserves, an improved early warning and food information setup, and a better coordinated program of emergency relief and food aid.

At the UN Food and Agriculture Organization's biennial conference last year, member countries endorsed a proposal for a minimum world food supply system involving an international network of national stockpiles. Under this plan, countries would adopt stockpiling policies that conform to an internationally agreed upon set of principles.

However, for such a global system to work, all major importing and exporting nations would have to participate, and it could prove to be one of the most controversial topics discussed at the Rome conference.

Other proposals for national and international action include:

- measures for increasing food production in developing countries within the overall framework of economic development;
- policies for improving diets in all countries, with particular emphasis on streamlining food distribution in developing nations;
- specific international trade objectives, such as stabilizing and expanding markets for developing countries' exports.

The market outlook for 1974/75 points to significant improvements in phosphate and nitrogen output, although the increase in nitrogen will probably trail last year's growth.

Both production and consumption of nitrogen are expected to rise substantially in developing nations. However, many of these countries, particularly India, Pakistan, and Bangladesh, may continue to suffer from inadequate supplies.

Projected fertilizer use. Among the developed countries, the U.S. and the Soviet Union are projected to show the largest advances in fertilizer use, while usage increases in other developed nations may drop off somewhat from last year. Fertilizer output should expand significantly in Canada, the U.S., the Soviet Union, and China.

Although the global agricultural outlook has dimmed considerably since spring, input shortages and bad weather in key areas have tended to overshadow the more favorable growing conditions that prevailed in many regions in 1974.

On the bright side. For example, rainfall brought relief and the promise of increased production to the drought-stricken African Sahel; Latin America's output is likely to exceed last year's record; and several Asian countries, such as Indonesia, Malaysia, and Pakistan, are showing substantial crop gains over previous years.

One of the bright spots in Africa's agricultural outlook this year is South Africa's corn crop—a record 11 million metric tons. Particularly good weather prevailed from planting time through harvest, in contrast to the previous year, when a severe drought depressed output.

Several developed countries are also expecting a reasonably bountiful harvest. In Western Europe, grain production overcame a dry spring and damaging summer rains to rise nearly 4 million tons over last year, and Eastern Europe's grain output appears close to the record crops of the past 2 years.

[Based on the *World Agricultural Situation*, WAS-5, September 1974.]

Recent Publications

Economic Models for Rice Mills in the South. Shelby H. Holder, Jr., Commodity Economics Division, William R. Morrison, Arkansas Agricultural Experiment Station, and Harlon D. Traylor, Louisiana Agricultural Experiment Station. Southern Cooperative Series Bull. No. 187.

Because of the age and condition of many rice mills in the South, management is confronted with having to make major renovations or build new plants. As a basis for decision-making, this study develops estimates of operating costs and investment requirements in building and equipment for three model rice mills ranging in milling capacity from 243 to 810 hundredweight per hour.

Dynamics of the U.S. Tobacco Economy. Jitendar S. Mann, National Economic Analysis Division. Tech. Bull. No. 1499.

This report details the development of a 14-equation econometric model of the U.S. tobacco economy and consumer demand for cigarettes. Multipliers calculated from the model are used to illustrate the effects of three potential policy changes: (1) a 6.5-cent-per-pound increase in the support rate for flue-cured tobacco, (2) a 30-million-pound rise in the burley quota, and (3) a 1-cent-per-pack increase in Federal and State cigarette taxes.

Factors Associated With Level-of-Living in Washington County, Mississippi. John L. McCoy, Economic Development Division. Tech. Bull. No. 1501.

From a recent survey of male household heads in Mississippi, researchers found race to be the most important factor affecting upward mobility and level-of-living. Formal educational attainment was also very important in significantly raising living standards for both blacks and whites. But while blacks living in urban areas showed higher achievement levels than rural blacks, farm residence appeared to provide a positive upward push for whites.

Single copies of the publications listed here are available free from The Farm Index, Economic Research Service, Rm. 1664–So., U.S. Department of Agriculture, Washington, D.C. 20250. However, publications indicated by (*) may be obtained only by writing to the experiment station or university. For addresses, see July and December issues of The Farm Index.

Farmers' Use Pesticides in 1971: Quantities. Paul A. Andrilenas, National Economic Analysis Division. AER-252.

According to this report, farm use of pesticides totaled 494 million pounds in 1971—a 40-percent increase from 1966. Crops accounted for the lion's share of pesticide applications, and herbicides ranked as the most widely used—and most rapidly growing—products. About 96 pesticides were included in the study, which was based on a survey of 8,600 farmers throughout the U.S. Survey data were expanded to represent regional and U.S. pesticide usage for selected crops, livestock, and other purposes.

Mothers' Attitudes Toward Cotton and Other Fibers in Children's Lightweight Clothing. L. Yvonne Clayton, National Economic Analysis Division MRR-1026.

According to a nationwide survey, mothers look mainly for ease of care and durability when they shop for their children's warm weather clothing. Except for underwear and nightclothes, where cotton was rated tops for comfort and absorbancy, a blend of cotton and polyester was their preferred fabric for all types of garments. A majority of the mothers also indicated a strong interest in flame-resistant fabrics—a feature they were willing to pay extra for. Their major complaints were clothing labels that didn't show shrinkage, flammability, and care instructions.

Balance Sheet of the Farming Sector, 1974. Carson D. Evans, Richard W. Simunek, Philip T. Allen, and Robert D. Reinsel, National Economic Analysis Division. Agr. Info. Bull. No. 376.

This report assembles into one financial statement the major farm asset and liability accounts from January 1973 to the start of this year. Highlights of the balance sheet include: record-setting boosts in farm assets and proprietors' equity, led by a soaring rise in real estate value; slower growth in debts than assets; and faster growth in gross farm income than production expenses. After discounting for price increases, however, asset gains in real terms were slight.

Farm Population of the United States: 1973. Vera J. Banks, Economic Development Division, and Robert C. Speaker and Richard L. Forstall, Bureau of the Census. Census-ERS Series P–27, No. 45.

An average of 9,472,000 persons lived on farms in the 12-month period centered on April 1973—down 138,000 from 1972. But while the long-term decline in farm dwellers is continuing, for the first time since the 1940's, a 3-year interval has passed without a significant drop in the number of farm residents. The report also examines demographic and labor force characteristics of the farm population, and draws some comparisons with nonfarm residents.

U.S. Textile Fiber Demand: Price Elasticities in Major End-Use Markets. George E. Dudley, National Economic Analysis Division. Tech. Bull. No. 1500.

Fiber competition intensified in the 1960's as abundant supplies of manmade fibers became available and the technology of blending was developed. This report examines variables affecting fiber demand, and estimates the effects of competitive fiber prices on consumption in major end-use markets, such as men's and women's clothing, industrial products, and household furnishings. Domestic use of all fibers is projected to 1985.

Economic Trends

Item	Unit or Base Period	1967	1973 Year	1973 July	1974 May	1974 June	1974 July
Prices:							
Prices received by farmers	1967=100	—	172	173	175	165	175
Crops	1967=100	—	164	162	201	199	204
Livestock and products	1967=100	—	179	181	158	142	155
Prices paid, interest, taxes and wage rates	1967=100	—	145	146	165	166	168
Family living items	1967=100	—	138	138	159	160	161
Production items	1967=100	—	146	148	166	168	170
Ratio [1]	1967=100	—	119	118	106	99	104
Wholesale prices, all commodities	1967=100	—	134.7	134.3	155.0	155.7	161.7
Industrial commodities	1967=100	—	125.9	126.1	150.5	153.6	157.8
Farm products	1967=100	—	176.3	173.3	180.8	168.6	180.8
Processed foods and feeds	1967=100	—	148.1	146.5	158.9	157.4	167.6
Consumer price index, all items	1967=100	—	133.1	132.7	145.6	147.1	148.3
Food	1967=100	—	141.4	140.9	159.7	160.3	160.5
Farm Food Market Basket: [2]							
Retail cost	1967=100	—	142.3	141.5	160.4	160.2	159.7
Farm value	1967=100	—	167.0	172.4	164.7	162.5	168.8
Farm-retail spread	1967=100	—	126.6	121.9	157.7	158.7	153.9
Farmers' share of retail cost	Percent	—	46	53	40	39	58
Farm Income: [3]							
Volume of farm marketings	1967=100	—	116	107	89	93	114
Cash receipts from farm marketings	Million dollars	42,817	88,590	6,559	5,545	5,382	7,300
Crops	Million dollars	18,434	42,346	3,001	1,801	2,336	4,000
Livestock and products	Million dollars	24,383	46,244	3,558	3,744	3,046	3,300
Realized gross income [4]	Billion dollars	49.9	97.0	—	—	98.4	—
Farm production expenses [4]	Billion dollars	38.3	64.7	—	—	74.5	—
Realized net income [4]	Billion dollars	11.6	32.2	—	—	23.9	—
Agricultural Trade:							
Agricultural exports	Million dollars	—	17,677	1,224	1,795	1,705	1,632
Agricultural imports	Million dollars	—	8,383	635	890	845	898
Land Values:							
Average value per acre	Dollars	[6]168	[7]247	—	—	—	[8]310
Total value of farm real estate	Billion dollars	[6]181.9	[7]259.5	—	—	—	[8]324.0
Gross National Product: [4]	Billion dollars	793.9	1,294.9	—	—	1,383.8	—
Consumption	Billion dollars	492.1	805.2	—	—	869.1	—
Investment	Billion dollars	116.6	209.4	—	—	211.8	—
Government expenditures	Billion dollars	180.1	276.4	—	—	304.4	—
Net exports	Billion dollars	5.2	3.9	—	—	–1.5	—
Income and Spending: [5]							
Personal income, annual rate	Billion dollars	629.3	1,055.0	1,056.1	1,135.2	1,143.5	1,158.5
Total retail sales, monthly rate	Million dollars	26,151	41,943	42,767	44,894	44,593	46,356
Retail sales of food group, monthly rate	Million dollars	5,759	8,811	9,128	9,795	9,782	10,090
Employment and Wages: [9]							
Total civilian employment	Millions	74.4	[9]84.4	[9]84.6	[9]86.0	[9]86.2	[9]86.3
Agricultural	Millions	3.8	[9]3.5	[9]3.5	[9]3.5	[9]3.3	[9]3.4
Rate of unemployment	Percent	3.8	4.9	4.7	5.2	5.2	5.3
Workweek in manufacturing	Hours	40.6	40.7	40.7	40.3	40.1	40.2
Hourly earnings in manufacturing, unadjusted	Dollars	2.83	4.07	4.06	4.33	4.38	4.41
Industrial Production: [5]	1967 = 100	—	126	127	126	126	126
Manufacturers' Shipments and Inventories: [5]							
Total shipments, monthly rate	Million dollars	46,449	71,398	72,257	81,117	81,166	84,019
Total inventories, book value end of month	Million dollars	84,655	120,870	113,910	130,936	133,488	136,731
Total new orders, monthly rate	Million dollars	46,763	73,836	74,288	85,264	85,176	87,517

[1] Ratio of index of prices received by farmers to index of prices paid, interest, taxes, and farm wage rates. [2] Average annual quantities of farm food products purchased by urban wage earner and clerical worker households (including those of single workers living alone) in 1959–61—estimated monthly. [3] Annual and quarterly data are on 50-State basis. [4] Annual rates seasonally adjusted second quarter. [5] Seasonally adjusted. [6] As of March 1, 1967. [7] As of March 1, 1973. [8] As of March 1, 1974. [9] Beginning January 1972 data not strictly comparable with prior data because of adjustment to 1970 Census data.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Industrial Reports, Business News Reports, Monthly Retail Trade Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

UNITED STATES GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS, WASHINGTON, D.C. 20402
OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE $300

POSTAGE
& FEES PAID
U.S. DEPT.
OF
AGRICULTURE
AGR 101

U.S.MAIL

To stop mailing ☐ or to change your address ☐ send this sheet with new address to The Farm Index, ERS, U.S. Department of Agriculture, Rm. 1664, Washington, D.C. 20250.

FI XEROX300XB R 1
XEROX UNIV MICROFILMS
SERIALS DEPT
300 N ZEEB RD
ANN ARBOR MI 48106

☆U.S. Government Printing Office: 1974—582-227/3